

THE **LOFTS**  
at Valley Forge

Philadelphia's  
**PREMIER**  
Luxury  
**WATERFRONT**  
Community

REST  
ENTERTAIN  
PLAYGROUND  
RELAX  
VISIT  
BEAUTIFUL  
ST



## A UNIQUE OPPORTUNITY

On behalf of Ownership, CBRE, Inc. is pleased to present the rare opportunity to acquire suburban Philadelphia's preeminent luxury multi-family asset, The Lofts at Valley Forge Apartments ("The Lofts at Valley Forge", "The Lofts", or the "Property"), located in Valley Forge, Montgomery County, Pennsylvania. Completed in 2007, The Lofts at Valley Forge represents the ultimate lifestyle multi-family community in the Philadelphia region, offering a waterfront location with condominium-quality unit finishes and resort hotel amenities that is unparalleled in the suburban marketplace. The Lofts at Valley Forge comprises 388 units within seven, four-story buildings along the picturesque banks of the Schuylkill River, resulting in unobstructed river views and a serene and private setting that is minutes from major employment, fashion-oriented retail, fine dining and abundant culture and recreation. With a physical occupancy of 95% and average unfurnished in-place rents of \$1.93/SF, The Lofts at Valley Forge is the ultimate lifestyle community in the Philadelphia MSA.

### ULTIMATE LIFESTYLE COMMUNITY IN THE PHILADELPHIA MSA

The Lofts at Valley Forge is a distinctively loft-style community that is nestled within a bucolic location catering to the active, lifestyle resident. The Property is situated along the picturesque banks of the Schuylkill River, and residents can enjoy the mile-long paved trail in front of the Property that parallels the river for jogging or walking pets, and leads on to Valley Forge National Historical Park ("The Park"). Comprised of 2,500-acres, the Park boasts numerous running, walking, hiking and cycling trails, in addition to the robust history as an integral part of America's birth. Additionally, the portion of the Park that is directly adjacent to the Property's entrance, includes a boat and kayak launching area.

Residents at The Lofts at Valley Forge also benefit from direct access to the Schuylkill River Trail, a 40-mile paved path that extends from Center City Philadelphia west to Reading, Berks County. It is widely known and utilized by distance runners and cyclists throughout the Philadelphia region.



## UNIT MIX

UNIT TYPE	UNITS	% OF TOTAL	AVERAGE UNIT SQ FT	TOTAL SQ FT
1 BR/1BA	252	65%	773	194,880
2BR/2BA	136	35%	1,104	150,200
<b>Total/ Average</b>	<b>388</b>	<b>100%</b>	<b>889</b>	<b>345,080</b>

### LOCATION AT THE EPICENTER OF SUBURBAN PHILADELPHIA

The Lofts at Valley Forge's outstanding setting also places it within the suburban epicenter of commerce—King of Prussia—which contains over 16 million square feet of office space and the region's largest employers: It is also home to one of the East Coast's premier fashion retail destination—The Court and Plaza at King of Prussia. Containing over three million square feet, the King of Prussia Mall includes 400 stores and is anchored by Neiman Marcus, Nordstrom, Bloomingdales, Lord & Taylor, Macy's, Sears, and JC Penney. Every major luxury retailer has a presence at the mall, including Apple, Louis Vuitton, Cartier, Tiffany & Co., JCREW, Restoration Hardware, David Yurman, Hermes, Salvatore Ferragamo, Gucci, Henri Bendel, Tumi, North Face, Pottery Barn, Burberry and Cole Haan, among others. An abundance of fine dining surrounds the mall, including Capital Grille, Morton's, Seasons 52, Sullivan's Steakhouse and Ruth's Chris.

Furthermore, residents at The Lofts at Valley Forge benefit from the Property's outstanding proximity to the confluence of I-76, I-276, U.S. Route 202 and PA Route 422, which provides access to every major employment hub between Center City and the State of Delaware, making this not only the newest property, but also the best located Class A asset in the King of Prussia/Valley Forge submarket.

The Lofts at Valley Forge's current occupancy of 95% and annual retention of 65% are both testaments to the Property's location, distinctive product and exceptional institutional ownership and management. The 2% to 5% effective rent increases achieved on recent lease renewals further underscores its appeal and commitment to resident satisfaction.

The Lofts at Valley Forge's unparalleled waterfront location, unequaled unit and community amenities, outstanding access to growing regional employment centers and amenities, market-leading demographics, and proven tenant acceptance make this the consummate Class A multi-family investment opportunity.



## OFFERING HIGHLIGHTS

<b>Property Name:</b>	The Lofts at Valley Forge Apartments
<b>Property Address:</b>	1876 Minutemen Lane West Norriton, PA 19403
<b>Number Of Units:</b>	388
<b>Year Built:</b>	2007
<b>Average Unit Size:</b>	889 SF
<b>Total Parking:</b>	642 spaces (Ratio of 1.65 per unit)
<b>Physical Occupancy (As of 8.31.13):</b>	94.6%
<b>Average Proforma Market Rent:</b>	\$1,718
<b>ProForma NOI (after Reserves):</b>	\$4,759,879

## INVESTMENT RATIONALE

- Unrivaled Suburban Luxury** - The Lofts at Valley Forge offers the highest quality product in the suburban market, with condominium-quality unit interiors (granite counters, 9' ceilings, Whirlpool black appliance package, recessed lighting, loft-style units) and market-leading amenities—5,200 SF Clubhouse with soaring ceilings, WiFi lounge and business center, state-of-the-art fitness center, resort-style pool and sundeck with river views, billiards room, floor-to-ceiling granite fireplace, and a catering kitchen serving complimentary daily continental breakfast and weekend lunches.
- Distinctive Waterfront Living** - The Property's serene setting along the Schuylkill River provides a rare private setting with a mile-long walking trail along the riverfront as well as unobstructed river views from 42 units.
- Rental Market Dominance** - The Lofts is the market leader across suburban Philadelphia in terms of achieving rents and leasing velocity - a strong statement of market acceptance. The Lofts is achieving average unfurnished rents of \$1.93 PSF - a market leading amount - which is a testament to its appeal and waterfront location. The Lofts averages 30+ signed leases per month - more than any other community in the region - further proof of broad market acceptance.
- Abundant Area Amenities** - The Lofts at Valley Forge's outstanding surroundings include the adjacent 40-mile Schuylkill River Trail and the Historic Valley Forge National Park, in addition to offering unparalleled access to the seven anchor King of Prussia Mall and the numerous fine-dining establishments which surround it (Capital Grille, Morton's, Seasons 52, Sullivan's and Ruth's Chris), as well as numerous private country clubs and public golf courses.
- Prestigious In-Fill Location With An Affluent Population** - The Lofts at Valley Forge has attracted the most affluent resident base in suburban marketplace; average household income among the resident base is \$90,000 per annum and 50% of residents are between 21 and 30 years of age.
- Access To Growing Regional Employment Centers** - Nearly 70% of residents within a one-mile radius of The Lofts at Valley Forge travel less than 30 minutes to work. The location features convenient access to several major employers including Merck & Co., Inc. (13,000 regional employees), Main Line Health (10,000), Lockheed Martin (10,000), Vanguard (9,300), Pfizer (4,500), SEI Investments (2,600), Glaxo SmithKline (6,000), Aetna/US Healthcare (4,000), Compass Group North America (3,100), Prudential (2,500), the Americas Corporate HQ for SAP (2,000), the US Corporate HQ for Shire Pharmaceuticals (1,500), and Unisys (1,200), among others. Furthermore, Montgomery County historically posts unemployment figures well below the MSA and national rates (6.7% vs. 7.6% for the MSA and nation as of 06/2013). Over the past three years, Montgomery County's unemployment was on average 1.8 percentage points below the MSA and 1.7 percentage points below the national unemployment rate.
- Rental Upside Potential** - Embedded value exists with a 65% renewal ratio, effective rent increases of 2% to 5% on renewals and no new construction in the submarket.
- Significant Barriers To Entry** - Barriers to entry remain a hallmark of the Philadelphia MSA; no new construction is underway in the Property's submarket, underscoring this trend.



## **IRREPLACEABLE LOCATION IN AFFLUENT SUBURBAN PHILADELPHIA NEIGHBORHOOD**

Situated within three miles of the confluence of I-76, US Route 202 and PA Route 422, in the King of Prussia/Valley Forge section of suburban Philadelphia and less than five miles from the second largest retail shopping complex in the U.S., The Lofts at Valley Forge's location is an incomparable hybrid of serene suburban luxury living and regional connectivity. The Property is within 20 miles of the Philadelphia CBD and a 25-minute drive from Philadelphia International Airport. Additionally, the area immediately surrounding The Lofts at Valley Forge features the region's only federal parkland - Valley Forge National Park, as well as several private country clubs and public golf courses that are within a 5-10 minute drive. A broad cross section of retail amenities is abundant along US Route 202. The Lofts at Valley Forge is a seven minute drive from the 2.8 million square foot King of Prussia Mall (anchored by Nordstrom, Bloomingdale's, Macy's, Lord & Taylor, Neiman Marcus, Sears and JC Penney) and virtually every other national retailer is located less than five miles from the Property including Target, Home Depot, Lowe's, BJ's, UA Cinemas, Bed, Bath and Beyond, Nordstrom Rack, Wegman's, Wal-Mart and Costco.

Montgomery County's recovery from the macro-economic downturn has outpaced the rest of the Philadelphia MSA, posting the market's largest two-year decrease in unemployment and outpacing the national unemployment rate by 90 basis points as of December 2012 (6.7% compared to 7.6%). Narrowing in on The Lofts at Valley Forge's location, demographics grow increasingly stronger with five-mile and one-mile radius average household income of \$94,300 and \$85,300, respectively.

In addition to its CBD proximity, The Lofts at Valley Forge offers quick, easy and direct access to major suburban employers throughout the region due to its location near the Interstate 276 (PA Turnpike) Valley Forge interchange with US Routes 202 and 422 and all of the secondary roads that feed in to the area.

The greater King of Prussia area has also developed a niche as the regional hub for the education and health care sectors. Penn State University's Great Valley Campus, Pennsylvania's largest undergraduate institution, is within seven miles of The Lofts at Valley Forge, and several regional/local universities offer graduate programs within a few miles as well. The nationally renowned Children's Hospital of Philadelphia and Hospital of the University of Pennsylvania also have separate suburban treatment centers within a few miles of The Lofts at Valley Forge.



## SUPPLY/DEMAND IMBALANCE

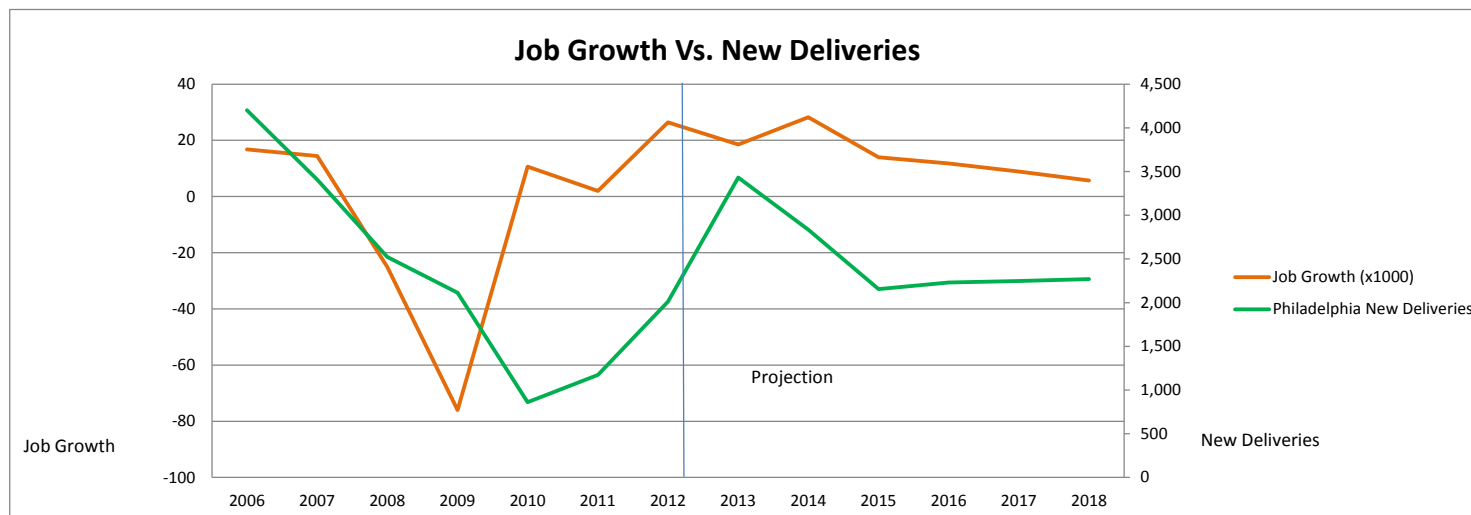
The severe imbalance of rental units per capita in the Philadelphia rental market indicates that there is a housing shortage within the MSA. The Philadelphia region ranks 6th in population but 10th in rental units per capita. This imbalance ensures continued rent growth for luxury rental product within the region.

As seen below, metropolitan Philadelphia ranks fifth in population but tenth in terms of units per capita. Such a ranking ensures that rent growth will continue to be robust irrespective of any addition to supply.

### Apartment Units Per Capita - Top 10 Metros

Population Ranking	Metro	Units Per Capita	2012 Census Population Estimate	Units	Ranking Units/ Capita
1	New York-Northern New Jersey-Long Island, NY-NJ-PA	0.10	19,831,858	2,072,129	1
2	Los Angeles-Long Beach-Santa Ana, CA	0.09	13,052,921	1,181,336	2
4	Dallas Fort Worth-Arlington, TX	0.08	6,700,991	510,724	3
7	Washington-Arlington-Alexandria, DC-VA-MD-WV	0.08	5,860,342	477,683	3
5	Houston-Sugar Land-Baytown, TX	0.07	6,177,035	461,586	5
8	Miami-Fort Lauderdale-Pompano Beach, FL	0.07	5,762,717	416,531	5
10	Boston-Cambridge-Quincy, MA	0.07	4,640,802	328,217	5
9	Atlanta-Sandy Springs-Marietta, GA	0.06	5,457,831	336,228	8
3	Chicago-Joliet-Naperville, IL-IN-WI	0.06	9,522,434	587,070	8
6	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	0.05	6,018,800	295,423	10
<b>Mean</b>		<b>0.074</b>	<b>8,709,437</b>	<b>704,301</b>	

Philadelphia has the lowest units per capita compared to the top 10 major markets



Source: CBRE -EA/MPF



# THE LOFTS at Valley Forge



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**Major Employers In Direct Proximity To The Lofts**

As the below Map dramatically illustrates, The Lofts at Valley Forge is in the heart of the densest concentration of large employers in suburban Philadelphia. Excitingly, this employment base continues to grow. With growth or changes in location by Vanguard and Endo Pharmaceuticals there will be 1.2 Million square feet of new or repurposed office space in direct proximity to the Lofts delivered between now and 2015. At current office employment densities, this has the potential to draw 7,000 new jobs - representing 7,000 potential new residents to The Lofts' market area.

**TOP REGIONAL EMPLOYERS**

**Top Employers Within 10 Miles**

Company Name	No. of Employees
 Main Line Health Radnor, Bryn Mawr, Newtown Square, Paoli, PA	10,000
 Vanguard Malvern, PA	9,500
 Siemens Malvern, PA	4,000
 Pfizer Collegeville, PA	3,000
 GlaxoSmithKline Collegeville, & Gulph Mills, PA	2,500
 The Dow Chemical Co. Collegeville, PA	2,000
 SEI New ways. New answers. Oaks, PA	2,000
 SAP Newtown Square, PA	2,000
 Lockheed Martin King of Prussia, PA	1,900
 USU Wayne PA	650
 Endo Pharmaceuticals, Malvern, PA	700





# THE LOFTS

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### INVESTMENT SUMMARY



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